92

(291)

P770123-0064

CHARLES H. PERCY (39)
ILLINOIS

SCOTT COHEN
EXECUTIVE ASSISTANT

United States Senate

WASHINGTON, D.C. 20510

ACTION
10 is assigned to
NEA

July 29, 1977

Ms. Rose Scott
Office of Congressional Relations
Department of State
Washington, D.C.

Dear Rose:

I would be grateful if you could get a State Department reply in writing to the enclosed column by Jack Anderson. A number of constituents have asked Senator Percy for the facts in the matter.

Many thanks and

Sincerely,

Scott Cohen

SC:cp

Enclosure

1977 AUG 2 PM 3 23

DEPARTMENT OF STATE
FOREIGN DOCUMENT ANALYSIS

re money owed US by Israel for damage to USS Liberty.

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY Lynn Kelley DATE 1/24/83
RDS or XDS EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS
DECLASSIFIED RELEASABLE
RELEASE DENIED
PA or FOI EXEMPTIONS

2

Israel still owes U.S. for damage to USS Liberty

Jack Anderson

IT HAS BEEN a full decade since Israeli warplanes and torpedo boats struck the communications ship USS Liberty in international waters, leaving 34 Americans dead and 171 wounded.

Yet the U.S. damages have never been paid, and the incident has never been closed. Classified State Department documents show, moreover, that Israel has tried to welch on its public promise to pay for all "material damage."

All the while, the State Department has covered up its difficult dealings with Israel over the Liberty incident. A secret decision was made not to tell Congress nor the public about Israel's refusal to make good on its pledge.

It was the former Israeli government, of course, that backed its compensating the United States for sending up the ship. A source close to Prime Minister Menahem Begin assured us that the new Israeli leader will want to straighten out any misunderstanding.

The Liberty, with an electronic garden of antennas atop it, the Mediterranean waged waters was monitoring the 1967 Arab-Israeli fighting when it was attacked. The aggressive Israelis said afterward that they had mistaken the ship for an Egyptian freighter and would make restribution to the families of the dead and wounded.

THE ISRAELIS MADE this formal in a June 10, 1967, message to Secretary of State Dean Rusk; he was assured that Israel would "make amends for the tragic loss of life and material damage." A few months later, Israel laid out $3,323,500 to the families of the 34 men who were killed. But not a farthing was offered to pay the estimated $7 million damage to the ship.

Indeed, the Israelis secretly notified the United States on Aug. 5, 1968, that "the government of Israel is not liable for the damage" to the ship. This not only contradicted the Israelis' public statements, it also outraged American diplomats in both Tel Aviv and Washington.

From Tel Aviv, the U.S. embassy fired off a classified cable to Rusk declaring that the Israeli position was "disappointing in negativeness and obduracy" and could not "be allowed to stand." Rusk shot back a reply so hot that it virtually accused the Israelis of lying.

Rusk instructed the embassy to tell Israel that its attitude was "totally unacceptable." The United States "cannot believe it is (Israel's) final position," declared the incredulous Rusk.

But the State Department was not so affronted that it would embarrass the Israelis in public. For the secret cable added slyly: "We have not made either fact of receipt or contents (of the Israeli note) known to public or to Congress."

The Israelis refused to budge; they continued to disclaim financial responsibility for the full damage. This stirred Rusk into drafting a formal note, declaring that the attack was "unprovoked" and that Israel's new position was "in contravention of (its) express assurances." This was harsh diplomatic language accusing Israel of untruthfulness.

BUT THE NOTE was never delivered. At the last minute, the United States received signals that Israel was willing to compromise. The embassy, therefore, recommended that the Rusk rebuke not be administered. "This will remove from (the) record any indication of the Government of Israel's disavowal of responsibility," explained the cable from Tel Aviv.

The Israelis finally got around to settling the injury claim in April, 1969, for $3.3 million. But they continued to stall on the $7 million damage claims. There was an occasional straw in the wind. A confidential cable to Secretary of State William Rogers in August, 1971, reported that the Israeli foreign ministry hoped to offer something positive "within a few days." But to this day, the damage payments have not been made.

The USS Liberty, meanwhile, has long since been retired from the Navy and the talks over paying for its repairs still drag on at the Pentagon.

Footnote: An Israeli embassy spokesman said the attack on the Liberty remained a matter of anguish for the Israeli people. But he added that the damage compensation "is not being pursued. We believe it is settled." The U.S. Navy, on the contrary, said discussions are still going on. And State Department sources told us flatly "no conclusion" has ever been reached.

DEFENSE DOLLARS—In past columns, we have chronicled the battle over the Renegotiation Board, which for years has been a timid watchdog over Pentagon contracts, but which at last is beginning to growl.

The Board's reluctant regulators have usually dodged their responsibilities to squeeze the excess fat out of military contracts. But President Carter has now appointed several persons to the Board who show signs of taking their assignment more seriously than their predecessors did.

The big defense contractors, alarmed over the new appointees, have bombarded Capitol Hill with appeals to kill the Board. We have now discovered, not altogether surprisingly, that the Board's most implacable foes in Congress come from districts heavily dependent upon defense industries.

Perhaps the Board's most outspoken congressional opponent is Rep. Mark Hannaford, D-Calif. His district is sustained largely by McDonnell Douglas plants. It happens that McDonnell Douglas was the top defense contractor in 1976, with $2.46 billion worth of Pentagon business.

Footnote: Hannaford told us the Board "does more harm than it does good" because of the expense of the red tape it creates. He acknowledged that the presence of McDonnell-Douglas in his backyard did help call his attention to the problem.